

US Environmental Protection Agency lifts ban on federal contracts for BP

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The US Environmental Protection Agency (EPA) announced last Thursday that it had reached a deal with oil giant BP to lift the agency's ban on the company competing for new federal contracts, instituted in response to the Deepwater Horizon oil spill in 2010, just in time for a new lease offer by the federal government of 40 million acres in the Gulf of Mexico.

The EPA's ban was implemented in November of 2012, after BP pleaded guilty in federal court to 14 charges related to the spill. The charges included 11 counts of manslaughter for the workers who lost their lives in the initial explosion on the Macondo oil rig, one count of obstruction of Congress, and two misdemeanors under the Migratory Bird Treaty and Clean Water Acts.

BP agreed to pay \$4 billion over five years as part of the settlement, including \$1.256 billion in criminal fines, \$2.394 billion for the National Fish and Wildlife Foundation, and \$350 million to the National Academy of Sciences. Despite the seriousness of the charges, not a single BP executive spent even a day in jail as part of the settlement.

From the very beginning, the response of the Obama administration has been to shield BP as much as possible from the repercussions of the worst industrial accident in American history. As the Macondo rig leaked oil for months into the Gulf of Mexico, resulting in an oil sheen hundreds of miles wide and clearly visible from space, the government worked with the company to conceal the extent of the leak.

On June 16, President Obama announced the creation of the Gulf Coast Claims Facility in order to limit BP's financial responsibilities for causing untold damage to the Gulf Coast region. Headed by corporate lawyer Kenneth Feinberg, notorious for his shortchanging of survivors of the September 9/11 terrorist attacks in his

capacity as head of the September 11th Victim Compensation Fund, and later for his role as the "pay czar" overseeing executive compensation during the bank bailouts of 2009, the Gulf Coast Claims Facility quickly set to work pushing claimants towards accepting paltry lump sums in exchange for signing away their right to sue the company.

The EPA's ban itself constituted a slap on the wrist, leaving the company's estimated \$2.5 billion in existing federal contracts untouched, and causing a mere \$650 million in losses to a company that made over \$23 billion in profits last year. Significantly, participation in this week's lease sale of federally-owned waters in the Gulf of Mexico will allow the company to recoup a large portion of those losses.

Nevertheless, BP immediately filed suit, alleging that the EPA ban unfairly encompassed all of its US subsidiaries, despite only a few of them being directly involved in the 2010 oil spill. They have been supported throughout by Mary Landrieu, the Democratic congresswoman from Louisiana, who has argued that the ban amounted to "double jeopardy," or being tried twice for the same crime. Landrieu issued a statement expressing "relief" that BP would now be able to take part in the upcoming federal lease sale.

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Senator Landrieu hails from a state which is literally disappearing in large part due to the oil industry. For decades, marshlands in the south and eastern portions of the state, which provide crucial protection from hurricanes for Louisiana's residents, have been steadily giving way to the Gulf of Mexico due not only to catastrophic spills such as the Deepwater Horizon disaster, but also to the regular work of the industry in low-lying coastal areas. Landrieu's statement expresses

a broad consensus among state politicians, who are completely subservient to the oil industry and who are driven to hysterics by even symbolic attempts to hold the industry accountable.

As part of the agreement between the EPA and BP, the company will submit to a token inspection regime for the next five years, headed by an “independent” auditor retained by BP but approved by the EPA, which will produce annual reports on BP’s compliance with federal regulations. Such an arrangement will serve only as a whitewash, under the cover of “government oversight.” Nobody should be fooled by the *New York Times*’ characterization of this setup as a “zero-tolerance” regime; it is a fig leaf, enthusiastically endorsed by BP itself as “fair and reasonable,” instituted for the sole purpose of easing BP’s public rehabilitation.

Industry commentators have acknowledged as such. Deutsche Bank AG told its clients that it “marks another step, in our view, toward the rehabilitation of BP’s reputation, standing and position in the key North American market.” Industry analyst Fadel Gheit told the *New York Times* that the announcement was a “moral victory” that would help the company “get back into the hunt.”



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